Next Generation of Smart Growth: the Mueller Community

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New Partners for Smart Growth Conference
February 2, 2012
711-Acre Airport Property in East Austin:
2 miles from UT, 3 miles from Downtown, surrounded by neighborhoods
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2 miles from UT, 3 miles from Downtown, surrounded by neighborhoods
History

- 1936: Robert Mueller Municipal Airport opens
- 1971 - 1993: Citizens lobby to move airport & citizens task force created
- 1993: Voters approve Bergstrom AFB as new airport site
- 2002: Catellus selected as Master Developer
- 2003: Agreement to locate Dell Children’s Hospital at Mueller
- 2004: City & Catellus execute MDA; TIF adopted
1997: 6 principles for new mixed-use, transit-oriented community:

**Fiscal Responsibility:** a positive revenue stream to City through increased tax base

**Economic Development:** contributing to Austin’s economy and providing new jobs

**East Austin Revitalization:** a direct stake for East Austin residents in redevelopment

**Neighborhood Compatibility:** enhancing the quality of life in adjacent communities

**Diversity & Affordability:** a new community of ethnically and economically diverse residents

**Sustainability:** energy efficient, reduced car dependence, watershed protection- *smart growth*
2004 Plan & Program

- 4,500 DUs
- 4 MSF commercial
- 140 acres open space
- 10,000 residents
- 10,000 jobs
Mueller Design Book &
design review process instituted

Yard House Development Standards
2012 Plan & Program

• 5,500 DUs
• 4 MSF commercial
• 140 acres open pace
• 12,000 residents
• 12,000 jobs
Deal Structure: “Patient Capital Concept”

1. City land given to Developer in chunks
2. Developer pays for/builds infrastructure
3. Developer sells land to builders; keeps 15% profit, rest into escrow
4. Developer reimbursed from escrow
5. Muni bonds paid off from TIF revenue (sales and property taxes)
Fiscal Responsibility 2012
~ 30% built-out today
Fiscal Responsibility 2012
388,000 SF Regional Retail opened 2008; expands 2012 (3-Star)
Fiscal Responsibility 2012

A positive revenue stream to the City through increased tax base

• $113 million of infrastructure investment so far
• All funded by TIF (sales & property tax from Mueller) and land sale proceeds
• City property tax base increase of $350 - $400 million (on track for $1.3 billion tax base & $5.7 million property tax by 2025)
• City & developer maintain flexible approach in responding to market dynamics
• City maintains successful “patient capital” approach
East Austin Revitalization 2012
1\textsuperscript{st} of 4 neighborhoods completed in 2009, 2\textsuperscript{nd} has just begun
East Austin Revitalization 2012

A direct stake for East Austin residents in redevelopment.

• Investment in new infrastructure, parks and housing
• Proximity of diverse employment opportunities
• 45 new businesses, including retailers, services and new grocery
• 2 corporate headquarters, including Seton, the largest private employer in Central Texas
• New healthy food opportunities with Market District
• New cultural opportunities with Town Center
Neighborhood Compatibility 2012
75 acres of native-landscaped parks
Neighborhood Compatibility 2012
4 miles of trails in greenways
Neighborhood Compatibility 2012

*Enhancing the quality of life in adjacent communities*

- 75 acres of new public parkland
- 4 miles of trails connecting existing neighborhoods into Mueller
- Community-represented Commission continues to monitor redevelopment
- City & Master Developer’s ongoing commitment to outreach on key issues (transportation, grocer, “edges”, affordability, design, etc.)
- “East 51st Vision Plan” emerges - implementation sought through 2012 Bond
Dell Children’s Hospital opened 2007; 2012 expansion (LEED Platinum)
Economic Development 2012
Town Center & Market District begin

Perspective by ELS Architecture
Economic Development: 2012

Contributing to Austin’s economy and providing new jobs

- 3,300 permanent jobs to date
- $645 million in new buildings
- 1400 DUs complete or under construction
- 1.5 MSF commercial & institutional space built
- 170-bed Children’s Hospital expands
- School District’s regional Performing Arts Center beings
- Austin Playhouse and Children’s Museum in new Town Center
- HEB Grocery to anchor new Market District
Diversity & Affordability 2012
Housing

“Garden Court Houses”
Diversity & Affordability

Housing Provisions:

- **Per MDA, Mueller will have 25% affordable units overall.**
- rental @ 60% MFI & home ownership @ 80% MFI, with a 40/60% balance
- ~10% of units dispersed as SF throughout development
  - Includes new units that are “affordable by design”
- ~10% of units in market rate MF buildings
- ~5% of units in 2 tax credit projects:
  - MF senior project (completed)
  - MF family project (under development)
- diversity of unit types
  - SF attached & detached, wide range of sizes, buyer types, price points)
  - SF with Carriage Houses (granny flats)
  - 4/6-plex condos (Mueller Houses)
  - MF condos & apartments
Diversity & Affordability 2012

500+ SF detached “Yard Houses” (~10% of units affordable)
Diversity & Affordability 2012

161 SF attached “Row Houses” (50% of units affordable)
Diversity & Affordability 2012
50 “Mueller Houses” (over 50% of units affordable)
Diversity & Affordability 2012

49 detached SF “Garden Homes” (50% of units affordable)
Diversity & Affordability 2012

34 Greenway Lofts “liner” condos (10% of units affordable)
441 Mosaic apartments (10% of units affordable)
Diversity & Affordability 2012
201 Wildflower Terrace Senior Apartments
(169 affordable units at deeper levels, 30 market rate units)
Diversity & Affordability 2012
“affordable by design”: small lots with attached SF units
Diversity & Affordability 2012

“affordable by design”: small lots with attached SF units
Diversity and Affordability 2012
The Mueller Foundation

Funded by:
• Property sale fee: 0.25% sales price
• Builder fees: $1,000/unit
• Shared equity proceeds on affordable home sales

Mueller Foundation Focus:
• Affordable Housing
• Parks & Open Space
• Education
## Diversity and Affordability 2012

### The Mueller Foundation

<table>
<thead>
<tr>
<th>First Sale</th>
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<tr>
<td>Appraised Value of Home</td>
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<td>Mueller Foundation Second Lien</td>
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<table>
<thead>
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<th>Resale</th>
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<tbody>
<tr>
<td>Resale Price</td>
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<tr>
<td>- Mueller Foundation Second Lien</td>
<td>$100,000</td>
</tr>
<tr>
<td>- Original Affordable Sales Price</td>
<td>$150,000</td>
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</table>
| = Equity to be Shared                           | $35,000 | 60% to Owner  
                                               |        | 40% to Mueller Foundation |
Diversity and Affordability 2012

A new community of ethnically and economically diverse residents

- Mixed income profile with wide range of home types and pricing
- 25% of all housing units affordable
- 398 affordable units currently occupied or under construction
- House types offering multi-generational opportunities
- Mueller Foundation established to provide shared equity – keeping re-sale homes affordable
- New housing types intended to promote affordability by design
Sustainability 2012
Implementing 1-Way, Protected Cycle Tracks—first in Texas
Sustainability 2012
Integrating LID Techniques & Landscape Urbanism
Sustainability 2012

Energy efficiency, reduced auto dependency, watershed protection – smart growth

- Mueller is Silver LEED ND Pilot Program
  - All commercial buildings are 2-star AEGB or LEED certified
  - All SF homes are 3-star AEGB or better
- Austin Energy built central heating/chilling and co-generation plant
- Reclaimed water for irrigation
- Lakes provide regional water quality, detention
- Parks, landscapes are restoring native Blackland Prairie ecosystem
- DOE invested $10 million to implement Smart Grid project at Mueller
- Highest concentration of residential solar panels in US
- New design guidelines require all buildings to be “solar-ready”
- New parks & streetscapes embracing “landscape urbanism”
- Will be first in Texas to install 1-way protected “cycle tracks” on principal streets
Key Lessons for Next Generation of Smart Growth

• Plans & projects need to go beyond traditional elements of New Urbanism & Smart Growth, and integrate social equity elements at outset.

• City-owned land enabled community to set terms of deal - requiring sustainability, affordability, etc.

• Even so, ensuring affordability & diversity takes continued advocacy by the community partner, vigilance by public partner, rigor by development partner…

• …and flexibility, responsiveness & innovation by all parties.